DOCUMENT RESUME

ED 202 992 CE 028 456

TITLE Financial Planning, Employee Benefits, and You. A Reading Workbook.
INSTITUTION American Council of Life Insurance, Washington, D.C. Education and Community Services.
PUB DATE [80]
NOTE 35p.: For related documents see CE 027 918, ED 186 055, and ED 186 062.
AVAILABLE FROM Education and Community Services, American Council of Life Insurance, 1850 K St., N.W., Washington, DC 20006 (first 35 free, thereafter $0.50 each).

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS Adult Basic Education; Adult Literacy; *Adult Reading Programs; Behavioral Objectives; Consumer Education; Content Area Reading; *Fringe Benefits; Learning Activities; *Money Management; *Planning; Reading Improvement; *Reading Instruction; *Reading Skills
IDENTIFIERS *Personal and Family Financial Planning

ABSTRACT

This workbook for Adult Basic Education and Adult Literacy Program students uses financial planning and employee benefits as the content area for teaching reading skills. It is written so that students can work with the material with little help from the instructor. Part 1, the instructional phase, focuses on improvement of reading skills. Its three objectives are to see how ideas relate to each other (signal words), understand the meaning of a word from its use in the sentence (context clues), and understand the major concepts of written material (survey of written material). Part 2, the practice phase, is concerned with development of a better understanding of financial planning and employee benefits. Its two objectives are to list steps in financial planning, and use employee benefits to develop a personal and family financial plan. In each part an explanation of the individual skill/objective is followed by an example of how it is used and a written exercise. Answer keys are provided. Part 3 contains a reading test. (YLB)

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ED202992

A READING WORKBOOK

Financial Planning, Employee Benefits, and You

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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TABLE OF CONTENTS

FOREWORD 5

INTRODUCTION
For the Teacher 6
For the Reader 7

PART I
Reading Skills
Objective One—Signal Words 8
Check 11
Objective Two—Context Clues 13
Check 16
Objective Three—Survey Written Material 17
Check 18
Answer Key 19

PART II
Financial Planning
Basic Components of Financial Planning 20
Sample Financial Plan 25
Some Employee Benefits 26

PART III
Review 32
Answer Key 35

FOREWORD

This reading workbook was developed for use with adults who are enrolled in Adult Basic Education Programs and Adult Literacy Programs. It was developed as a response to the need for high interest, functional reading material for this audience. Reading skills are presented using the content of financial planning, stressing the importance of understanding job benefits.

To insure that the workbook is educationally sound and serves the needs of the varied populations served by ABE and GED programs, learner verification was undertaken in sites in four states with students representing diverse cultural and socio-economic groups. The book was also examined by directors of ABE centers as well as teachers in such centers. We gratefully acknowledge the assistance of the following people and their students:

B.W. Walden, Alabama Dept. of Education, Montgomery, AL; Jo Smith and Paula B. Tinsley, Wallace State Community College, Selma, AL; Iona Lacy Hill, Birmingham, AL; Joe L. Rimpson, Bronx Community College, Bronx, NY; Robert H. Garin, East Texas State University, Commerce, TX; Pam Allen and Jimmye Hancock, Paris Junior College, Paris, TX; John W. Tibbetts, San Francisco State University, San Francisco, CA; Mamie How, Chinatown Resources Development Center, San Francisco, CA; Holda Dorsey and Mary Ann Tipton, La Puente Valley Adult School, La Puente, CA; Carol Holmes, Lake Elsinore, CA; Esther Stone, San Jose, CA; Atlanta Cormier, San Diego, CA; James Eachus, Watsonville Adult School, Watsonville, CA; and Maxine Patrick, San Diego Community College District, San Diego, CA.

INTRODUCTION
For the Teacher

This is a workbook written for Adult Basic Education (ABE) students using financial planning and employee benefits as the content area for teaching reading skills. It was written on a level appropriate to ABE students and has three major purposes:

(1) to instruct students in some of those skills necessary to improve reading comprehension,

(2) to provide students with information about some typical employee benefits, and

(3) to develop an understanding of how employee benefits can fit into a personal or family financial plan.

It is written so that the student can work with the material with little help from the instructor. An answer key is provided. However, when necessary, the instructor can provide direction and clarification.

The author makes the basic assumption that a major aspect of comprehension is perceiving relationships between ideas. When readers can perceive such relationships, comprehension is facilitated. Conversely, comprehension is inhibited when readers are unable to perceive such relationships. This workbook attempts to make the reader aware of such relationships by focusing upon certain words in the English language—connectives—which are used by authors to relate ideas to each other. In addition, this workbook will help readers learn to use those connectives to anticipate during the process of reading. Anticipation is important because readers are thinking during the process and not merely fixating on visual information.

There are two sets of objectives to be achieved in this workbook; reading comprehension objectives and financial planning objectives. The format used to achieve the objectives has two phases. The first, the instructional phase, explains the reading process necessary to master the objective. It is followed by a mastery test. The second phase, the practice phase, presents the reader with information about financial planning and employee benefits. It asks that he/she apply this information to practical situations through exercises designed to enable the reader to relate the information to his/her personal life.

For the Reader

This workbook has two sets of objectives. The first set is concerned with the improvement of reading skills. The second set is concerned with the development of a better understanding of financial planning and employee benefits. These two sets of objectives are listed below:

I. READING SKILLS

After completing this workbook, you will understand written material better because you will be able to:

(A) See how ideas relate to each other;
(B) Understand the meaning of a word from its use in the sentence;
(C) Understand the major concepts of written material.

II. FINANCIAL PLANNING

After completing this workbook, you will be able to:

(A) List the steps in financial planning;
(B) Use your employee benefits to develop a personal or family financial plan.

To help you develop these skills, you will find an explanation of a particular skill and an example of how it is used. After you have worked with the idea, there is a written exercise of each skill. An answer key is provided on pages 19 and 35.

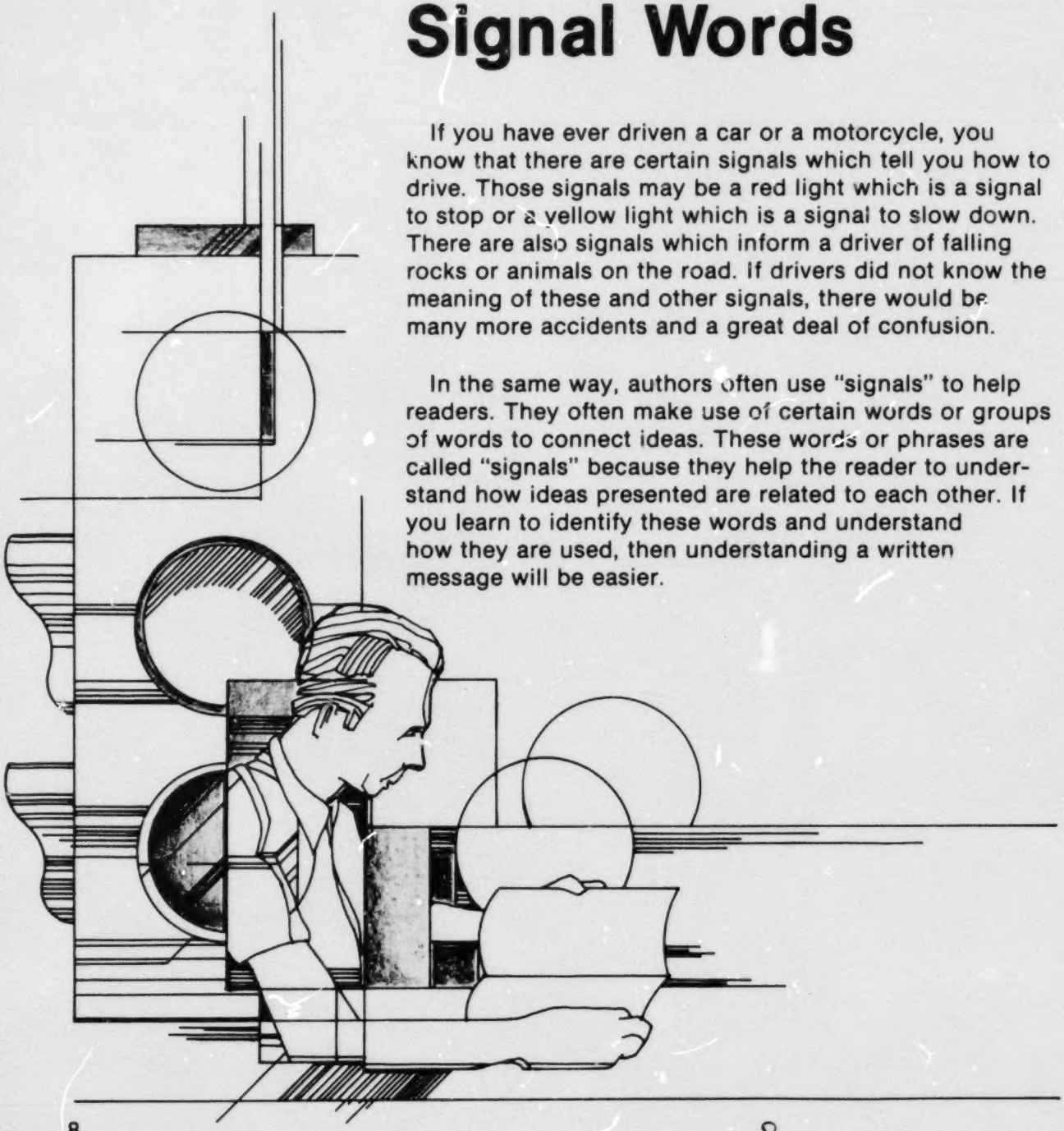
We hope that you find the information in this booklet helpful and that your reading abilities improve.

7

PART I

Reading Skills

Reading Objective One: **Signal Words**



If you have ever driven a car or a motorcycle, you know that there are certain signals which tell you how to drive. Those signals may be a red light which is a signal to stop or a yellow light which is a signal to slow down. There are also signals which inform a driver of falling rocks or animals on the road. If drivers did not know the meaning of these and other signals, there would be many more accidents and a great deal of confusion.

In the same way, authors often use "signals" to help readers. They often make use of certain words or groups of words to connect ideas. These words or phrases are called "signals" because they help the reader to understand how ideas presented are related to each other. If you learn to identify these words and understand how they are used, then understanding a written message will be easier.

8

Some of the "signals" which authors use are:

first, second, third .... **next**	**in addition**	*These are used when a list or sequence is presented.*

There are certain steps to good financial planning. **First**, be aware of your expenses. **Second**, be aware of financial resources.

on the other hand **nevertheless** **despite** **although**	**however** **rather** **meanwhile**	*These are used when comparing opposite ideas.*

John knows about his employee benefits. **However**, Peter is not aware of them at all.

similar to **like**	**both**	*These are used when comparing similar ideas.*

Some small companies have pension plans **similar to** those of larger companies.

at first **a short time after** **shortly before**	**soon after** **at the same time** **more recently**	*These are used when a series of events which happened in a certain order in time are presented.*

In 1943, Jack's company offered few benefits. **Soon after** 1950, it offered a pension plan. **Shortly after that**, it provided workers with many other employee benefits.

as a result of **therefore** **because**	**since** **if ... then**	*These are used to show that one thing caused another to happen. They are used in a cause-effect relationship.*

Sally's employer could offer free life insurance coverage to all workers **because** the company's profits were good.

If you learn to plan how to use your money, **then** you will be able to reach more of your goals.

for example
such as

for instance

These are used to connect a general idea with a specific idea. The information before the signal is general and the information after the signal is specific most of the time.

There are many advantages to financial planning **such as** being able to pay bills when they are due.

A general idea is like an umbrella because it covers other information. It does not give any details. "There are many advantages to financial planning..." is a general statement because none of the advantages are mentioned. The second part of that sentence, "...being able to pay bills when they are due" is one advantage. It is a specific statement. The signal, "such as", connects the general statement with the specific statement.

At times, authors may combine some of the different types of signals. In this case, each signal indicates that the ideas presented are related in different ways.

Employers may offer various benefits to their employees. **For example**, pension plans and health insurance plans are two major benefits. **As a result** of these benefits, the employee will be covered, to some degree, for retirement and health expenses.

In this case, the author is combining general and specific relationships with cause and effect relationships.

Objective One Check:

Now that you know what some signals are, read the following paragraphs and try to identify signals used by the author. Write your answers in the space provided at the end of this section. Then check your work with the answers on the answer key.

Benefits of Good Financial Planning

There are many benefits of good financial planning. The first benefit is knowing your resources including what is provided to you through your employee benefits. A second benefit is that you are better able to reach more of your goals without sacrificing many of your wants. In addition, you will discover that you will be more aware of your priorities, those goals which are most important and those which are least important. Last, but not least, you will have created a greater sense of financial security for yourself and/or your family. You will have planned for unexpected expenses; therefore your family will not be thrown into chaos if a sum of money is needed.

What are the "**signals**" in this passage?

(1) _____,
(2) _____,
(3) _____,
(4) _____,
(5) _____.

When you examine your financial resources, you should not overlook some very important sources of income. For example, as a result of paying for Social Security, an employee will receive a certain amount of income when he or she retires or is disabled. Other financial resources might provide income for more immediate needs, such as medical expenses, vacation expenses or money for education.

What are the "**signals**" in this passage?

(6) _____,
(7) _____,
(8) _____,
(9) _____.

Directions: Below are some signals. You are to use them in the spaces below. Put them where you think they belong. Remember to put one signal in each blank space. The first one is done for you.

on the other hand	**soon after**	**for example**
therefore	**since**	**in addition**

(10) John always had a good financial plan. **Therefore,** he was able to save some extra money for a vacation.

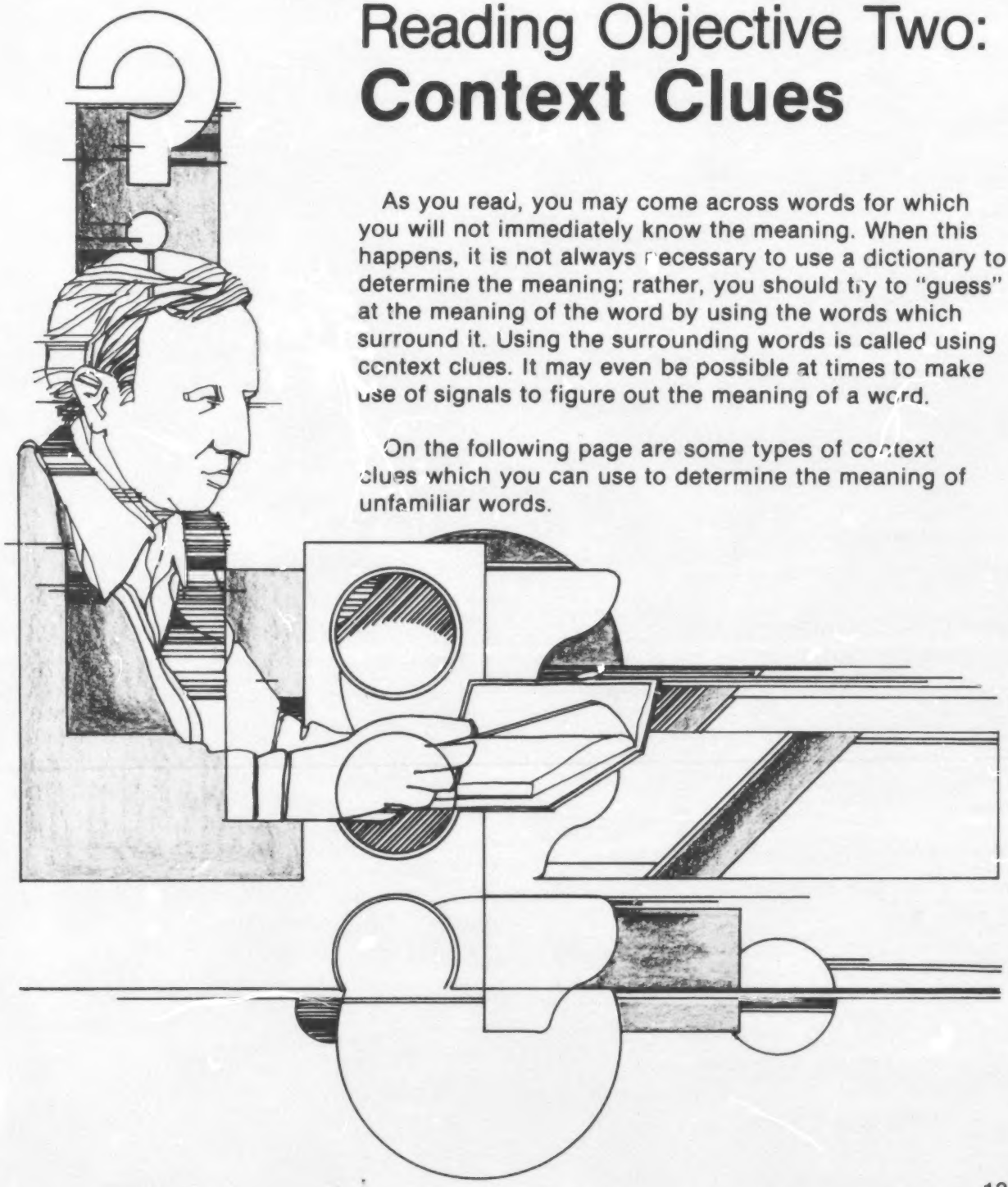
(11) You should ask yourself a number of questions when you create a financial plan. _____, "Does my income meet my expenses?"

(12) _____ Ms. Wall was covered for maternity care by her employer's health plan, she and her husband were not concerned about all those hospital bills.

(13) Phyllis' employer offered many benefits. First, health insurance; second, a good pension plan; _____, membership in a credit union was offered.

(14) Alicia is a good financial planner. _____, her sister, Linda, was not a very careful financial planner.

(15) In 1964, Mr. Walker's employer offered few employee benefits. _____, it began to add more and more benefits.



Reading Objective Two: **Context Clues**

As you read, you may come across words for which you will not immediately know the meaning. When this happens, it is not always necessary to use a dictionary to determine the meaning; rather, you should try to "guess" at the meaning of the word by using the words which surround it. Using the surrounding words is called using context clues. It may even be possible at times to make use of signals to figure out the meaning of a word.

On the following page are some types of context clues which you can use to determine the meaning of unfamiliar words.

13

1. **Restatement using a synonym**. The author may provide a synonym for an unfamiliar word. A synonym is another word which means the same thing. For example, in the following sentences, synonyms are provided for each of the underlined words.

a. Max pays a higher **premium** or payment than Marvin for his health insurance because he has more coverage than Marvin.

b. Melvin decided to get **supplementary**, that is, extra health insurance coverage since he felt that the group coverage offered by his employer was not adequate for his present needs.

c. **Recapitulate**, that is, review your expenses over the last month.

d. Are you sure that you have **utilized**, in other words, used, all your financial resources in your financial plan?

In the first example, the author used the word "or" as a signal to connect the word "premium" with its synonym, "payment." In the second and third examples, "that is" was used to connect the underlined word with its synonym. In the last example, "in other words" was used to connect "utilize" with its synonym, "use."

2. **Restatement using an opposite thought**. Sometimes authors explain words by using opposites. These can help you to figure out the meaning of unfamiliar words.

a. Although Harry felt his coverage was **sufficient**, he soon discovered that his policy did not provide enough coverage for hospital benefits to cover expenses for his emergency surgery.

b. Hank always tried to be **frugal** with his money. However, his friend Ted was wasteful with his money.

c. Your employer may offer a pension plan which may provide **adequate** income for your needs today. On the other hand, it may be insufficient for your needs in 10 years.

In these examples, the signals "although", "however", and "on the other hand," indicate that an opposite idea is about to be presented. In each set of sentences, the word which is underlined can be figured out with the opposite idea.

3. **Example**. An author may give a reader a clue to the meaning of a word by providing examples. He or she may use such signals as "for example", "such as", or "more specifically". In the following sentences, the author used these "signals" to give a hint about the meaning of the underlined words.

a. There are many **inducements** which may influence the decision to select one job over another. For example, a pension plan may be one, and short travel time to and from work may be another.

b. There are certain **traits** which good financial planners develop over time, such as a knowledge of financial resources, awareness of present expenses, and the ability to think about future expenses.

c. Depending upon your financial situation, you may have some **extraneous** employee benefits. More specifically, an unmarried person with no dependents may not need all the life insurance provided him by his employer.

In the first example, a pension plan and short travel time to and from work are examples of inducements. Since they are both favorable aspects or some things which would pursuade a person to do something—take a job—in this case, "inducements" must mean favorable aspects as it is used here. The signal, "for example", connects the word and its meaning by providing specific examples. In the second example, "such as" indicates that a specific example is about to be presented. Being aware of resources and present and future expenses each are examples of a trait. A trait must, therefore, be a quality or a characteristic. In the last example, "more specifically" connects "extraneous" with an example of an unnecessary benefit. Therefore, extraneous must mean unnecessary.

Objective Two Check:

In order to be sure that you can use context to figure out the meaning of a word which may not be familiar to you, see if you can determine the meaning of the underlined words in the sentences below.

(1) Some people feel that employee benefits play a **trivial** part in financial plans.

However, if you have ever had a major medical expense, you know the great importance of health insurance coverage provided in an employee benefits package.

Trivial means _____

(2) In Harry's company, the cafeteria prices are **minimal**. However, Harriet's company cafeteria prices are very high.

Minimal means _____

(3) You might want to purchase **supplementary**, that is, additional health insurance coverage if your employee insurance policy is not enough for your needs.

Supplementary means _____

(4) Robert's company **facilitates** transportation to and from work with mini-bus service from town during rush hours. On the other hand, if you work for Roger's company, you will find travel during rush hours very difficult.

Facilitates means _____

(5) Mark was thinking about **alternate**, in other words, different ways to trim his budget.

Alternate means _____

(6) "According to my pension plan benefits," Manny **mused** or thought, "I will have enough income for a comfortable retirement."

Mused means _____

Reading Objective Three: **Survey Written Material**

You probably would not plan to travel by bus to a new place without a guide or a map to give you some idea of where you were headed. Also, if you had an appointment with a stranger, you would probably want to know something about him or her so you would know what to expect. When you begin to read some new material, it is helpful to look through the article or book for chapter titles, paragraph headings and other clues. You can then tell something about the subject you will be reading about. This way, when you read, you will be less likely to feel the information is completely new to you. Readers can get to know materials by **surveying** it first. Survey means to look something over and figure out its boundaries. A reader can **survey** material which he or she is about to read by the following steps:

(1) Notice the major headings, if there are any;
(2) Read the first sentence of some of the paragraphs;
(3) Look at any other material in the chapter such as pictures or graphs without reading the material closely.

When readers do this, they prepare themselves for the information, and they have some expectations or ideas about what is about to be read more closely.

Why not try to **survey** the material in the second section of this workbook on pages 20 through 26. You will notice that there is a major heading on page 20. It is **What Are the Basic Components of Financial Planning**? As stated above, the second step is to read the first sentence of some of the paragraphs. Do this now! The third step is to examine the chapter for any pictures or graphs which will give you some idea of what the chapter is about. Do that now!

Objective Three Check:

In the space provided below, write what you think the material will be about.

You will find out if you are correct when you read the material on **Basic Components of Financial Planning**.

By now you have been instructed on how to accomplish or achieve each of the reading objectives. You also have had the opportunity to test yourself on each of these. If you had any trouble, then you should return now to the objectives, reread them and retest yourself. The rest of this workbook tells about employee benefits and financial planning. As you read the material, clues will be given to show you how the author related the ideas presented. By the time you are finished with this workbook, you will have a clearer understanding of the role of employee benefits in a financial plan. In addition, you will be a better reader.

Answer Key

Part I — Reading Skills

Objective One Check:

(1) First	(6) For example	(11) For example
(2) A second	(7) As a result of	(12) Since
(3) In addition	(8) Other	(13) In addition
(4) Last	(9) Such as	(14) On the other hand
(5) Therefore	(10) Therefore	(15) Soon after

Objective Two Check

(1) **Trivial** means not very important. Notice the use of the signal "however" indicating that an opposite idea is about to be presented. The opposite of great importance is not very important.

(2) **Minimal** means very low. Notice the use of the signal "however" which indicates that an opposite idea is about to be presented. The opposite of very high, therefore, must be very low.

(3) **Supplementary** means something added to complete something. Notice the signal "that is" indicating that a synonym is about to be presented.

(4) **Facilitates** means make easy. Notice the use of the signal "on the other hand" indicating that an opposite idea is about to be presented. The opposite of very difficult is easy which is the meaning of facilitate.

(5) **Alternate** means other or different. Notice the use of the signal "in other words" indicating that a synonym is about to be presented.

(6) **Mused** means to think about something. Notice the use of the signal "or" indicating that a synonym is about to be presented.

You have just finished checking your answers to Part I. The next section of the workbook is designed to help you get a better idea of your financial situation. The questions asked in the next section have no right or wrong answers. Read the questions and fill in the blanks with the answers that best describe your situation.

PART II

Financial Planning

The Basic Components of Financial Planning

As you read the following information on financial planning and employee benefits, you will notice that some words are emphasized. This was done to make you aware of those words. As you will see, they are some of the "signals" used by the author. You will also notice that there is some additional information in the right-hand column. It is there in order to remind you how those signals can be used as you read. The information in the column on the right tells you how each signal can help you to understand the ideas presented by the author.

20

Financial planning includes thinking about all your financial resources, in other words,[1] sources of income and knowing how to get the most from each of them. There are many financial resources. For example,[2] some are family income, employee benefits, family savings and personal skills or talents. List your financial resources:

_____

_____

There are a number of steps to follow in order[3] to develop a good financial plan. First,[4] in order[5] to get the most from your financial resources, you have to have a clear understanding of your expenses. Think about your expenses during the last month. List each of those expenses and the appropriate cost below.

Expense	**Cost**
_____	_____
_____	_____
_____	_____
_____	_____

You should also[6] examine your expenses and decide whether they were needs or wants. A need is something that you must have in order[7] to survive. Buying records or going to the movies is not a need. Wants, on the other hand,[8] are things that you may desire, but[9] not need in order to survive. You want a special suit or pair of shoes, but [10] you will probably survive without either of them. Since[11] most of our wants and needs have a price tag, we must begin to plan so that [12] we can make the most of our financial resources.

1. *explanation is coming*
2. *specific information is coming*
3. *cause-effect relationship is coming*
4. *first in a "list" is coming*
5. *cause-effect relationship is coming*
6. *next in a "list" is coming*
7. *cause-effect relationship is coming*
8. *opposite information is coming*
9. *opposite information is coming*
10. *opposite information is coming*
11. *cause-effect relationship is coming*
12. *cause-effect relationship is coming*

21

In the space below, indicate which of your expenses were wants and which were needs.

Needs	Wants

Second,[13] good financial planning requires an examination of personal and family goals. Goals are those things that we want to achieve, such as[14] a promotion at work or a high school diploma. There are two goals. List some of your goals. _____

_____

Goals are related to values. Values are personal beliefs and ideas. Our economic values determine how we will use our financial resources, just as[15] social values will determine how we relate to other people.

If[16] one of your goals is to provide a better life for your family, then you might go to school after work in order[17] to get a high school diploma. In this example, both love and financial security are values which influenced your decision to go to school after a hard day's work. Think about your situation; what are some of your values? _____

_____

13. *second in a "list" is coming*
14. *specific information is coming*
15. *similar comparison is coming*
16. *cause-effect relationship is coming*
17. *cause-effect relationship is coming*

A third[18] component of good financial planning is an examination of life style. This means that you should think about the way you are used to living. For example,[19] you might be used to driving a big car, eating in expensive restaurants and buying lots of clothes. Your life style is different from a person who drives a small car, seldom eats out and rarely buys new clothes. Naturally, the cost of each of these life styles differs. One of the things a good financial planner does is to examine all financial resources in order to determine if they fit the life style the person is accustomed to. Do you think that your life style is like the first example or the second or is it in between? Why? _____

_____

_____

18. *third in a "list" is coming*
19. *specific information is coming*

There are a number of components of good financial planning. What are three? (1) _____, (2) _____, (3) _____.

The next component of financial planning is an examination of personal and family resources. More specifically,[20] special skills or talents that you or someone in your family might have is one example.

The ability to type, for example,[21] can be a valuable resource since[22] a position as a secretary might then be obtained. Also,[23] your possessions or talents can be valuable resources. Being able to sing, owning a typewriter, or having a high school diploma would make it easier for you to earn extra income. These are some examples of resources available to a person.

20. *specific information is coming*
21. *specific information is coming*
22. *cause-effect relationship is coming*
23. *next in a "list" is coming*

How many of the following resources do you have available to you? (1) Good health, (2) Time, (3) Equipment, (4) Special skills. Can you list any other resources? _____

_____

_____

_____

An additional[24] component of good financial planning is accurate record keeping. If[25] you are aware of where your money goes, then you can begin to plan for the future. For example,[26] your records might indicate that you spend a great deal of money for lunch every day. You might not realize this if[27] you do not keep accurate records of your weekly expenses.

Now you know how to begin to organize a financial plan. In the next section of this workbook, you will read about some benefits offered by employers. You will also read about how these benefits can fit into a good financial plan.

24. *another in a "list" is coming*
25. *cause-effect relationship is coming*
26. *specific information is coming*
27. *cause-effect relationship is coming*

PART II

Financial Planning

Sample Financial Plan

INCOME

Annual take-home pay (gross salary minus taxes, group pension, group life insurance and group health insurance contributions and other deductions) _____ $ _____

Other income (interest, dividends, etc.) _____

_____

Total annual income _____ $ _____

Weekly, biweekly or monthly income (annual income divided by 52, 26 or 12)

_____ $ _____

FIXED EXPENSES

(Figure first on an annual basis)

Rent or mortgage _____ $ _____

Other housing expenses (utilities, heat, telephone, etc.) _____

Life insurance premiums _____

Health insurance premiums _____

Other insurance premiums _____

Religious and community contributions _____

Additional income taxes (not already withheld) _____

Property and local taxes _____

Loan or installment payments _____

Other _____

Annual total of fixed expenses

_____ $ _____

Amount to set aside weekly, biweekly, or monthly _____ $ _____

EMERGENCY FUND

Emergency fund goal is _____ $ _____

Amount to be put into fund weekly, biweekly or monthly _____ $ _____

LIVING EXPENSES

(Weekly, biweekly or monthly estimates)

Food _____ $ _____

Clothing _____ $ _____

Household expenses (maintenance, laundry, cleaning, etc.) _____ $ _____

Transportation _____

Entertainment and recreation _____

Regular medical and dental expenses _____

Personal care items and allowances _____

Other _____

_____

Total living expenses _____ $ _____

SUMMARY

TOTAL WEEKLY, BIWEEKLY OR MONTHLY INCOME _____ $ _____

TOTAL WEEKLY, BIWEEKLY OR MONTHLY OUTGO (Total "set aside" for fixed expenses, plus amount for emergency fund, plus total living expenses) _____ $ _____

BALANCE _____ $ _____

For regular savings, investments of special goal (subtract outgo from income to get balance)

25

PART II

Financial Planning

Some Typical Employee Benefits

Directions: Before you start to read this section, you should SURVEY the material. As stated earlier, this will give you a better idea of what to expect.

The company for which you work now or may work for in the future may provide certain benefits which can be very important to you. Some of those benefits may even be more important than money in your paycheck. You should learn all that you can about your employee benefits so that[28] you can use them in your financial plan. In this section, you will learn how to fit some employee benefits into a financial plan of your own.

28. *cause-effect relationship is coming*

Pension Plans

Social Security. As an employee, you are probably covered by the Social Security system. Social Security is a plan administered or[29] run by the Federal government. This plan provides income to retired elderly people, survivors and dependents of workers who die, and employees who become disabled. In order[30] to receive benefits, you and your employer must pay into this system. For most people, Social Security provides a basic source of income. Personal savings, life insurance, disability insurance, health insurance and pension plans can augment, in other words,[31] add to the financial security provided by Social Security benefits.

29. *explanation is coming*

30. *cause-effect relationship is coming*

31. *explanation is coming*

Do you contribute to Social Security? _____

If yes, what is your Social Security number? _____

Do you have a record of your lifetime earnings? _____

If not, you can write to the Social Security Administration, 6401 Security Boulevard, Baltimore, MD 21235. After you get your earnings, you can go to the local Social Security office. They can estimate your earnings based on current projections; that is,[32] figure out what you will make in coming years using your last year's wages as average annual income.

32. *explanation is coming*

26

_____

_____

How can you use this information in your long-range financial plan? _____

_____

Company Pensions. Since[33] Social Security benefits are intended to provide a limited amount of retirement income, a good financial planner will look to other resources to increase retirement income. Company pension plans help to fill this gap. In most cases employees are covered by a pension plan. Since these plans vary from company to company, you should check with your personnel officer about your plan.

Is there a pension plan where you work? _____

Are you covered by the pension plan? _____

How long do you have to work for your employer before you can get a pension? _____

How old do you have to be to get full pension benefits? _____

How will the amount of money you get through your pension plan be determined? _____

If[34] you are not covered by a pension plan, what are you doing to provide for your retirement? _____

_____

What are some financial resources you can develop for retirement income? _____

_____

Life Insurance. Another benefit an employer may offer is group life insurance. In group insurance, the employer decides on the amount of the insurance. In some cases, the employee is responsible for part of the premium, in other words,[35] the monthly payment; in other cases, the employer pays all of the premium. This insurance usually covers the employee for as long as he or she works for that employer. You can continue your insurance after you leave a company if[36] you pay the entire premium. If[37] you check with your Personnel Department, they will explain the details of your plan.

33. *cause-effect relationship is coming*

34. *cause-effect relationship is coming*

35. *explanation is coming*

36. *cause-effect relationship is coming*

37. *cause-effect relationship is coming*

Does your employer provide life insurance? _____
If so,[38] what is the amount of the coverage? _____
What are your current yearly expenses? _____
What is the difference between your insurance coverage and your expenses?

_____

What other financial resources would your dependents have to cover expenses in the event of your death?

_____

_____

Is your insurance coverage adequate? _____
What happens to your insurance if[39] you leave the company?

_____

_____

38. *cause-effect relationship is coming*

39. *cause-effect relationship is coming*

Another way to obtain the insurance coverage you and your family need is to purchase an individual insurance policy. There are many types of individual insurance policies which can be purchased. These policies may provide the additional coverage for the employee who finds that the life insurance provided by his or her employer may not be adequate.

Health Insurance. The cost of doctor's visits, medication and hospital care is continuing to increase. A serious illness or injury can cause major financial problems for the person who has not planned for them. One way many people minimize the financial strain of medical costs is to have health insurance coverage. This is a common employee benefit. Usually the employee pays a small amount of money for this insurance. If[40] you do not have health insurance where you work, you might want to purchase an individual policy. There are five basic types of health insurance:

Disability Insurance—This helps replace income lost because[41] of accident or illness.

40. *cause-effect relationship is coming*

41. *cause-effect relationship is coming*

*__Hospital Expense Insurance__—This provides benefits for care in the hospital from a low of 30 days to 365 days or longer.

*__Surgical Expense Insurance__—This helps pay the cost of operations.

*__Physicians' Expense Insurance__—This helps pay physicians' fees for nonsurgical care in a hospital.

__Major Medical Insurance__—This protects against the large bills that result[42] from serious or prolonged illness.

Do you have health insurance? _____

If no,[43] how do you plan to pay for your health care expenses? _____

_____

If yes,[44] what is your premium? _____

List the kinds of health insurance you have. _____

_____

What other kinds might you need? _____

_____

Finally,[45] an employer may offer certain types of savings plans to employees. This makes it much easier to save since[46] money is automatically deducted from the employee's pay. Here are some of the savings plans offered to employees. First, there is the credit union. A credit union is a co-operative organization whose members share in management and control.

Generally these three coverages are contained in one policy constituting "a basic" medical insurance plan.

42. *cause-effect relationship is coming*
43. *cause-effect relationship is coming*
44. *cause-effect relationship is coming*
45. *last in a "list" is coming*
46. *cause-effect relationship is coming*

Another savings plan may take the form of government bonds. The employer will deduct a certain amount from the employee's salary and use that money to purchase the bonds in the employee's name.

Does the company you work for provide for any savings plans for its employees? _____

Which type of savings plan do you think is best for you? _____

Why? _____

If so[47] is it the one which you would choose for yourself? _____

Why? _____

47. *cause-effect relationship is coming*

You have just read about a number of employee benefits. Which one would be the most important for you? _____

Why? _____

Which one would be the least important? _____

Why? _____

Other Employee Benefits. There are many other employee benefits people can have. On the next page is a list of these. You may have others.

Directions: Circle the employee benefits you now have. Next to the benefit, list some ways this can help you in your financial planning.

Employee Benefits	Use in Financial Plan
Cafeteria	
Uniforms	
Transportation	
Paid Vacation	
Sick Leave	
Dental Insurance	
Disability Insurance	
Maternity Leave	
Supplemental Pension Plan	
Credit Union	
Profit Sharing	
Payroll Savings	
Recreation Facilities	
Company Car/Truck	
Other	

Now go back to page 25 where you started your financial plan. See if[48] you can improve it now that you know something about employee benefits.

48. *cause-effect relationship is coming*

More for you to think about

Do you think your situation will change within the next few years? _____

How? _____

What employee benefits do you think you'll need in the next five years?

_____

Does your employer offer these? _____

If not[49] how can you plan your financial resources to fill the gaps?

49. *cause-effect relationship is coming*

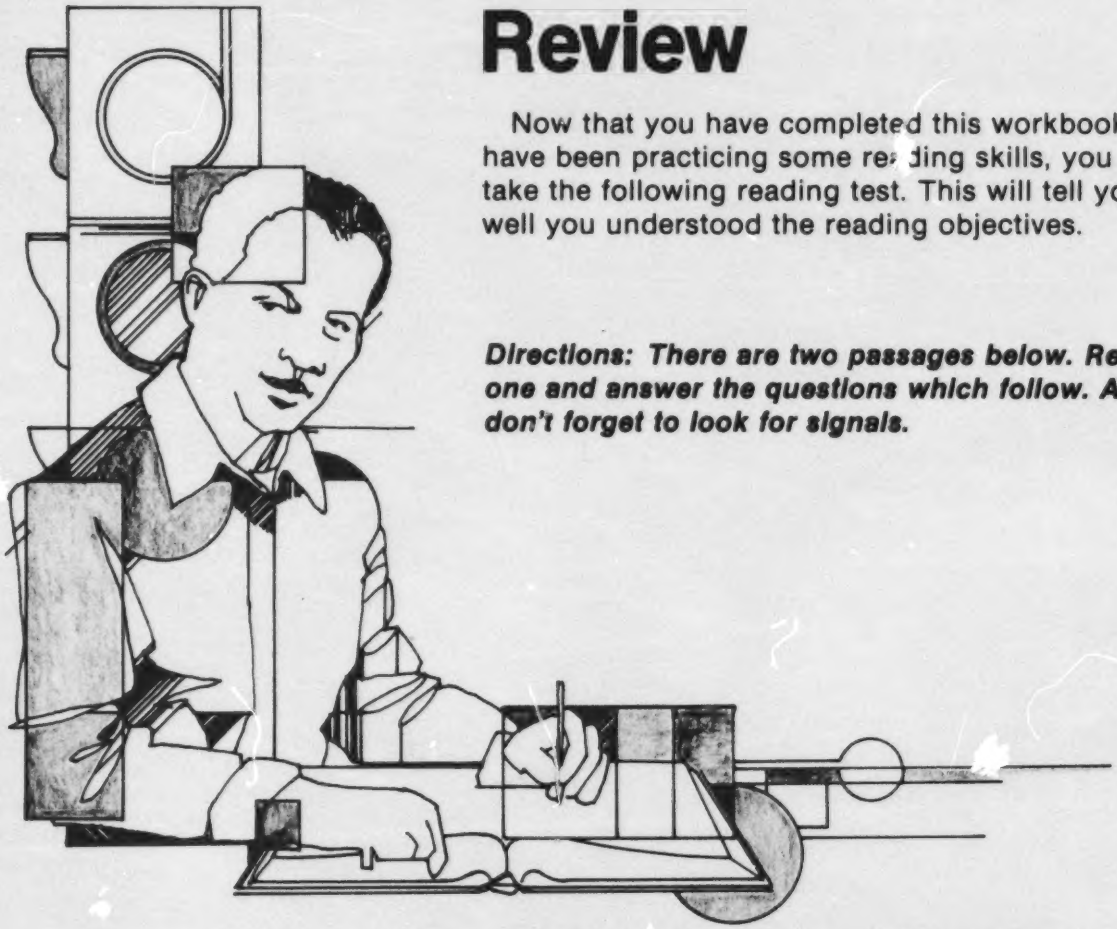
_____

_____

_____

31

PART III



Review

Now that you have completed this workbook and have been practicing some reading skills, you should take the following reading test. This will tell you how well you understood the reading objectives.

Directions: There are two passages below. Read each one and answer the questions which follow. As you read, don't forget to look for signals.

A. Since Fred's company has been growing over the last three years, many benefits have been added to entice, that is, encourage workers to remain with the firm. For example, not long after Fred started working for the company, all employees were offered life insurance coverage for a minimal cost; that is, a very small cost. Shortly after that, the company built a cafeteria offering lunch at low prices. At the same time, a profit sharing plan was established.

One of the benefits that Fred found most useful in financial planning was health insurance. For a minimal cost, Fred and his family had insurance which provided protection against high medical costs. As a result, Fred and his family were able to have better medical care and freedom from worrying about high medical bills.

32

1. In line one, what does the signal "since" tell you about the information which is to come?

a) The information is being presented in a time order.
b) The information is being presented in a general and specific relationship.
c) Opposite information is coming.
d) A cause and effect relationship is coming.

2. Read the first two sentences (They end on line six).

a) Which sentence gives specific information; the first or the second? _____
b) Which sentence gives general information? _____
c) What is the signal which connects the two sentences?

_____

3. In line 12, what does "as a result" tell you?

a) Similar information is coming.
b) A result is coming.
c) Opposite information is coming.
d) A simple list is being presented.

4. What does entice (line 2) mean?

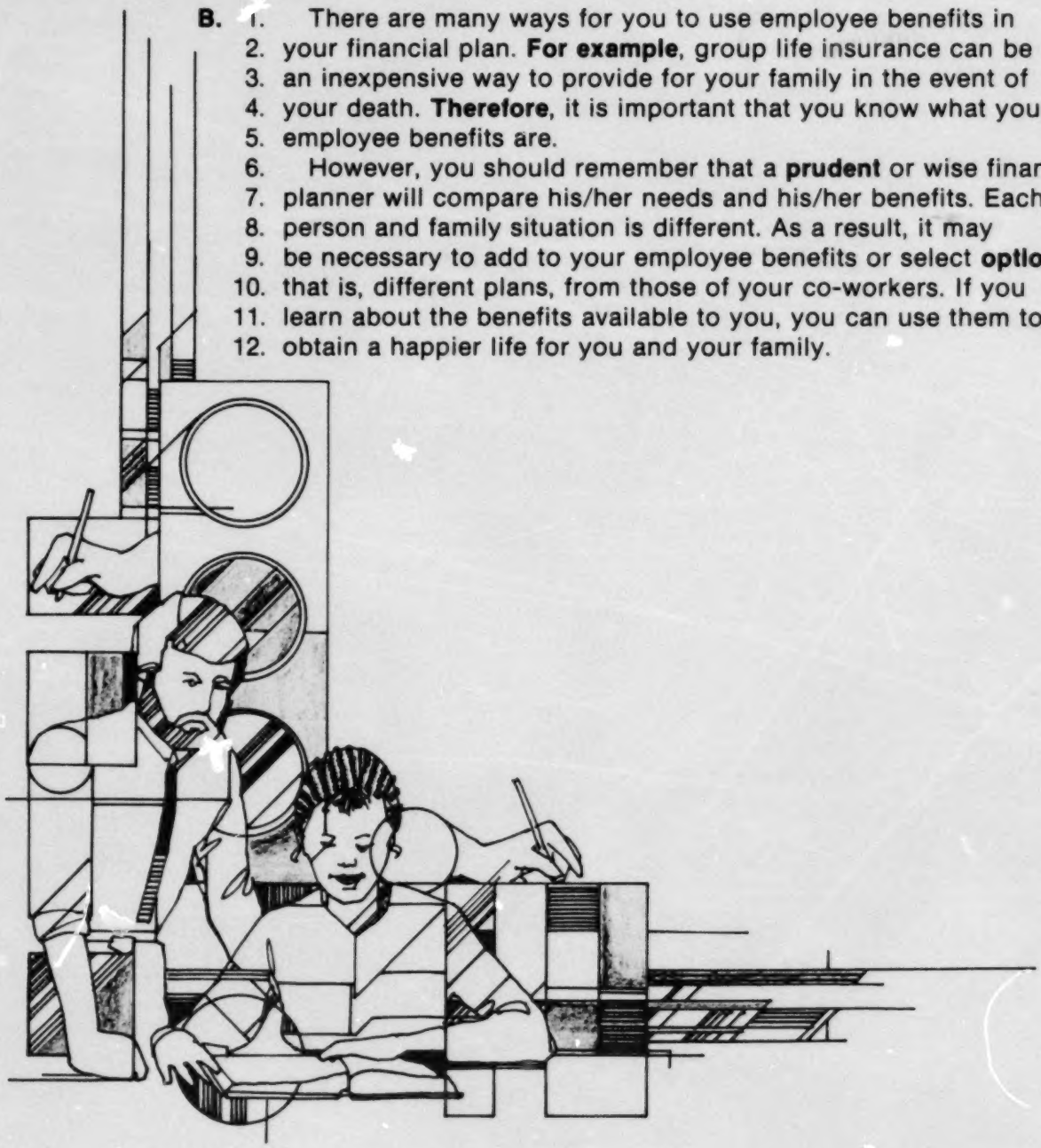
_____

5. What does minimal (line 5) mean?

_____

B. There are many ways for you to use employee benefits in your financial plan. **For example**, group life insurance can be an inexpensive way to provide for your family in the event of your death. **Therefore**, it is important that you know what your employee benefits are.

However, you should remember that a **prudent** or wise financial planner will compare his/her needs and his/her benefits. Each person and family situation is different. As a result, it may be necessary to add to your employee benefits or select **options**; that is, different plans, from those of your co-workers. If you learn about the benefits available to you, you can use them to obtain a happier life for you and your family.



34

1. What is the relationship between the first and second sentences?
a) cause-effect
b) general-specific
c) time order
d) simple listing

2. In line 4, what does "Therefore" tell you?
a) An opposite idea is coming.
b) A similar idea is coming.
c) A result is coming
d) General information is coming.

3. What does "prudent" (line 6) mean?

_____

4. What does "options" (line 9) mean?

_____

Answer Key

Part III - Review

A.
1. d
2. a. second
   b. first
   c. for example
3. b
4. encourage
5. very small

B.
1. general-specific
2. c
3. wise
4. different plans